



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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Contact: \*CI-HQ-COMMUNICATIONSEDUCATION@ci.irs.gov  
IRS – Criminal Investigation

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### **Financial Services Company Executive Pleads Guilty to Obstruction of Justice**

The CEO of Preferred Merchants LLC, a financial services company based in Napa, California, pleaded guilty yesterday to engaging in an elaborate obstruction of justice scheme to conceal millions of dollars—which were subject to a freeze order and seizure warrant—from the government using a series of offshore accounts, domestic and foreign nominee accounts, a shell company and related bank and brokerage accounts.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S. Attorney Jill Westmoreland Rose of the Western District of North Carolina, Special Agent in Charge Michael Rolin of the U.S. Secret Service's Charlotte, North Carolina, Field Division and Special Agent in Charge Thomas J. Holloman III of the Internal Revenue Service-Criminal Investigation (IRS-CI) Charlotte Field Office made the announcement.

Jaymes Meyer, aka James Meyer, 47, of Napa, pleaded guilty yesterday before U.S. Magistrate Judge David S. Cayer of the Western District of North Carolina in Charlotte to obstruction of justice.

According to the plea agreement, in or about 2012, the U.S. Securities and Exchange Commission's (SEC's) Division of Enforcement commenced a securities fraud investigation concerning a Ponzi scheme centering on Rex Ventures Group LLC (RVG), a North Carolina-based company for which Preferred Merchants held millions in assets in treasury and trust accounts. As a result of its investigation, the SEC filed a civil enforcement action against RVG, after which the court entered a freeze order that appointed a receiver and froze all of RVG's assets. Among other things, the receiver was responsible for marshaling, managing and distributing remaining RVG assets to impacted RVG investors. In addition to the freeze order, the U.S. Secret Service also obtained a seizure warrant of RVG assets held by Meyer through Preferred Merchants. Meyer admitted that in August 2012, the SEC informed him of, among other things, the investigation and the court order freezing RVG's assets and requested that Meyer freeze any RVG assets in his possession, custody or control.

According to the plea agreement, in response to this request, Meyer misled the SEC by falsely implying that Preferred Merchants did not exercise dominion or control over any RVG assets when, in fact, Meyer controlled approximately \$17.4 million in RVG assets. Meyer further admitted that he wired approximately \$4.8 million from an RVG trust account to a brokerage account under his control within an hour of learning about the SEC's investigation. Over the next 10 months, Meyer used that money to purchase homes in Napa and the Turks and Caicos, to which he subsequently made \$1.5 million in improvements, and withdrew approximately \$195,000 in cash. He also established a Cook Islands-based trust account, formed a shell company and opened a brokerage account in the shell company's name to further conceal the trail of RVG assets subject to the freeze order and seizure warrant.

Meyer also admitted that throughout the pending civil litigation surrounding the RVG scheme, he made fraudulent and misleading statements to the U.S. District Court for the Western District of North Carolina, the SEC and the court-appointed receiver during depositions.

In connection with his plea agreement, Meyer agreed to pay an approximately \$4.8 million money judgment and to forfeit the homes that he purchased in the Turks and Caicos and Napa as proceeds of the obstruction of justice offense.

The U.S. Secret Service and the IRS-CI investigated the case.

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